

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:4449

ANSWERED ON:14.12.2016

Task Force on Post Offices

Koli Shri Bahadur Singh

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government has constituted any special task force to study the use of post office network in the country;
- (b) if so, the details thereof and the recommendations made by the said task force;
- (c) whether the Government's thrust is on increasing PIL business and grab e-commerce bazaar under postal service;
- (d) if so, the details thereof; and
- (e) the action taken in this regard?

Answer

THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)

(a) & (b) Yes, Madam. A Task Force on Leveraging the Post Office Network was set up under the Chairmanship of Shri T. S. R. Subramanian, retired Cabinet Secretary. The Task Force submitted its recommendations on 4th December, 2014. Recommendations given by the Task Force are at Annexure-A.

(c) to (e) Constant efforts are being made by the Government to increase Postal Life Insurance (PLI)/Rural Postal Life Insurance (RPLI) business. It has also focused approach to fulfill the needs of eCommerce sector, and thereby increase its revenue receipts. As a part of strategy to increase its market share and revenue, the Government has rationalized its service offerings. The parcel booking and handling facilities have been upgraded to cater to the expanding eCommerce market. The details of the actions taken to increase the PLI, RPLI and eCommerce are at Annexure-B.

Annexure-A

ANNEXURE REFERRED TO IN PARTS (a) & (b) IN REPLY TO THE LOK SABHA UNSTARRED QUESTION NO. 4449 TO BE ANSWERED ON 14.12.2016 RAISED BY SHRI BAHADUR SINGH KOLI, MEMBER OF PARLIAMENT REGARDING TASK FORCE ON POST OFFICE.

The Recommendations made by the Task Force in this Report on Leveraging the Post Office Network, entitled "Empowering Rural India" are enumerated seriatim below, cross-referenced to the relevant paragraphs in the body of the Report.

Philately

1) Stamp issuance facility, may be extended to include more themes for stamps as well as the introduction of more philately products. (Para 2.13.)

Hand-Held Mobile Computing Device (MCD)

2) As part of the IT Modernization and Rural ICT Projects, the Task Force wishes to underline that the soft-ware for the Hand Held Mobile Computing Devices to be made available in Branch and rural POs should be versatile and universal, based on non-proprietary and open standards, without being locked to any vendor or particular operating system. (Para 4.2.4.)

Mail Operations

3) Some Postal Services (Mail Services like Post Cards) which are considered as falling in the category of essential public services may continue to be provided at subsidized rates as a matter of policy. (Para 8.1.7.)

4) The prices at which all other Postal Services are offered to the public should be periodically reviewed and rationalized so as to bring about a degree of balance with rising costs, general inflation and increasing incomes over time. (Para 8.1.7.)

5) The new technologies of electronic communication which have become available should be harnessed to reduce delivery costs. (Para 8.1.7.)

6) Post Cards should be scanned and transmitted by e-mail to the Post Office nearest to the addressee, printed there and delivered to the addressee, thus saving on the cost of physically transporting the article. (Para 8.1.7.)

7) India Post may conduct a comprehensive study of the viability and feasibility of transmitting unregistered mail through e-mail rather

than through physical transportation as at present. (Para 8.1.8.)

8) Even where it is considered desirable to continue subsidizing certain services as a matter of policy, prices should not remain unalterable for all time and the extent of subsidy should not remain open-ended. (Para 8.1.9.)

9) Efforts should be made to rationalize the price structure and reduce the subsidy burden over time, particularly for those services which are used for commercial purposes. (Para 8.1.9.)

10) Government of India may consider instituting a policy of broadly linking the price of various mail articles and services to their real cost and to the overall index of inflation defined in a suitable manner. Any exceptions to the general rule should be made on the basis of detailed written justifications and reviewed from time to time. (Para 8.1.10.)

Parcel Services

11) The parcel services of India Post should be detached from the Departmental structure and spun off into a new corporate entity, which may be designated as India Parcel, or given other suitable name. (Para 9.1.3.)

12) India Parcel will be an independent Subsidiary Company and will function as an independent profit centre; it will generate and control its own revenue and have the freedom to set its own rates in line with market prices. (Para 9.1.3.)

13) As a Subsidiary Company, India Parcel will have access to the infrastructure of the Department of Posts on a payment basis and will additionally be authorized to create new infrastructure or hire new staff as it deems necessary. (Para 9.1.3.)

14) India Parcel could provide additional facilities such as motor cycles (or reimbursement for motor cycle delivery) to Postmen or offer them additional reimbursement / incentives for carrying parcels. (Para 9.1.3.)

15) The strategic strengths of India Post (reach of network and century plus experience in delivering mail) should be aggressively leveraged in the growing e-commerce and e-retail market, particularly at the back-end of the delivery chain in rural areas so that it becomes the premier Pan-India delivery service provider. (Para 9.2.12.)

16) India Post should also leverage its unique strengths to conversely extend the supply chain for products emanating from local markets and rural areas (ethnic, traditional and artisanal products, handicrafts, etc.,) to all parts of India and even beyond. (Para 9.2.12.)

E-commerce Services

17) Under the IT Modernization project, India Post should seek to integrate its information systems with those of the major e-commerce companies in order to facilitate two-way information exchange. (Para 9.2.16.)

18) India Post should enter into Agreements and Understandings with e-commerce companies and on line retailers to deliver their consignments and collect cash on their behalf. (Para 9.2.16.)

19) To support e-commerce sales, sophisticated logistics and warehouse planning, as well as robust routing and tracking, & security and delivery systems, should be instituted so as to allow the shipper, India Post and the consumer to track the delivery and time line of the parcel on a real-time basis, accessible through any device or channel. (Para 9.2.17)

20) Agreements or tie-ups with e-commerce companies should include a clause which will enable the booking of product delivery through India Post/ Parcel at the time the product is purchased on the e-commerce portal, so that the customer purchases the product and simultaneously books its delivery through India Parcel. (Para 9.2.18)

21) India Post may seek to incorporate the above clause into its existing MOUs with e-commerce retailers and also incorporate it in MOUs which it may enter into in future. (Para 9.2.18)

22) India Post should set up an e-commerce Portal that allows manufacturers, SMEs, village craftsmen, offline retailers, etc. to list and sell their products. (Para 9.2.19)

23) The India Post portal should, in particular, provide consumers from Tier II and Tier III cities access to a catalogue of goods for sale in their local language, along with ratings and reviews, similar to that offered by industry-leading portals today. (Para 9.2.19)

24) Agents and advertisers should also be provided access to this portal. (Para 9.2.19)

25) The portal should have a payments gateway allowing payments through credit and debit cards, the Post Office Savings Bank and RuPay cards. (Para 9.2.19)

26) Customer interaction and service channels such as Interactive Voice Response (IVR) and Call Centres should be provided as required to support e-commerce activities. (Para 9.2.20)

27) Additionally, a mobile solution should be provided to the end-consumer to track and trace a delivery across the India Parcel system, and to allow scheduling of appointments for delivery of goods and services. (Para 9.2.20)

28) A robust road transport network providing time-bound delivery, reliable in-transit security and real time tracking for surface parcels should be instituted. (Para 9.2.21)

29) Road transport requirements for parcel delivery on both short-haul and long-haul routes may be either outsourced or serviced by

India Parcel's own fleet of vehicles, depending on volume and financial viability. (Para 9.2.21)

30) A two-tier hub and spoke network for parcel operations should be conceptualized and put in place, with the location of hubs being determined by the city's potential, volume of business, connectivity, geography and other relevant factors. (Para 9.2.22)

31) Parcel processing facilities should be separated from mail handling units, with appropriate process re-design; taking into account the requirements of automatic, semi-automatic and manual processing. (Para 9.2.22)

32) New equipment, including modern sortation equipment should be procured as required for Parcel Processing Centres. (Para 9.2.22)

33) Infrastructure, including buildings, should be upgraded as required based on the nature and size of the city and the volume of business. (Para 9.2.22)

34) Warehousing facilities should be created keeping in view the expected increase in the volume and range of e-commerce business in the future. (Para 9.2.22)

35) The delivery of parcels should be de-linked from normal postal services and a separate vertical link should be created from the Directorate to the field with a dedicated, nodal and mechanized delivery system. (Para 9.2.23)

36) Parcel Kiosks should be set up at important locations and delivery staff should be equipped with Hand-held Mobile Computing Devices which can immediately register the delivery of parcels and log them into the tracking system in real time. (Para 9.2.23)

37) Introduction of same day delivery service, return logistics, standard and secure packaging at the booking point are areas where reliable systems need to be put in place. (Para 9.2.23)

38) Strong IT back-end support for all activities of India Post and its Subsidiaries is critical and could be achieved by tying up with one of the leading Indian IT Companies to develop a world class user-friendly portal. (Para 9.2.25)

39) The portal should provide end-to-end track and trace service with authentication of the loop being completed on the customer receiving delivery, after sales service, key accounts management, BI tools and API based integration with e-commerce players, road and rail transport agencies, airlines and other freight forwarders. (Para 9.2.25)

40) A strong online monitoring system with capabilities to diagnose and resolve issues on a real time basis should be put in place with the aim of providing world class customer services. (Para 9.2.25)

41) A strong security system should be instituted at all levels of mail and parcel service. (Para 9.2.26)

42) In particular, the security system should ensure absolute cyber security and payment security. (Para 9.2.26)

43) Security at parcel handling centers should be enhanced through installation of CCTV Cameras with live streaming capabilities, installation of metal detectors, X-ray screening, frisking, etc. (Para 9.2.26)

44) Security in transit should be ensured through GPS tracking and containerized movement of parcels. (Para 9.2.26)

45) Suitable training should be provided to the security and other personnel to create awareness and establish protocols of operation and standard operating procedures. (Para 9.2.26)

46) Capital infusion to the tune of Rs. 500 Crores will be required for launching Logistics and Parcel, and e-Commerce. (Para 9.2.27)

Additional Retail & Agency Services
47) An experimental project should be started in a few selected areas to deliver additional services and then gradually extended to other parts of the country. (Para 10.2.2.)

48) The Governments of Andhra Pradesh and Telangana are operating MeeSeva, an IT-based programme under which as many as 342 Services, including both G2C and G2B services, are being facilitated through a single entry portal. India Post can also consider this model. (Paras 10.2.1. to 10.2.2.)

49) This Para contains an Illustrative List of 27 services which could potentially and usefully be added to the menu of mail and parcel services currently being offered by India Post. (Para 10.3.2)

50) Post Offices can be used as Common Service Centres for:

- i. Dissemination of information, including weather warnings, traffic conditions, agricultural extension practices, disease protection and prevention, good health practices, etc.;
- ii. Promotion of digital literacy and distance education;
- iii. Sale of railway, airline and road transport tickets; application forms for passports, driving licenses; Stamp Paper, Court Fees Stamps; Application, Examination, Name Correction and other Forms;
- iv. Collection of electricity, water, telephone and all other bills for Government services;
- v. Collection of payments for e-tailing goods and services on behalf of private service providers;
- vi. Promotion of tourism by facilitating dissemination of information, booking of hotels and transport of various kinds;
- vii. Delivery of all Government documents, including Aadhar cards, Voter ID cards, Driving Licenses, Birth, Marriage and Death certificates, Land records, etc.;
- viii. Acceptance of challans and school and university fees;

- ix. Sale of life, crop, accident and other types of insurance;
- x. Collection and compilation of data on electricity services, quality of infrastructure;
- xi. Collection and dissemination of grass-roots innovations and outstanding, functional traditional knowledge practices.
- xii. Conversion of POs to Disaster Management Centres in case of need.
- xiii. e-Education and e-Healthcare, as these areas develop in future.

(Para 10.3.2)

51) The Department of Posts may consider whether it would be feasible to add some of these services, as well as some of the 342 services being offered through the MeeSevaprogramme in to its existing bouquet of services. (Para 10.3.2)

52) Appropriate systemic checks and balances should be instituted, implemented and monitored on a continuous basis. (Para 10.3.3)

53) Pilot projects may be implemented in selected Districts and the range of additional services may be increased gradually after gaining experience and assessing viability. (Para 10.3.4)

54) The over-arching principle to be followed is that none of these services should be offered at a loss, but should be profitable and earn net revenue for India Post. (Para 10.3.4)

Insurance Services

55) The current Departmental organization is not suitable for the conduct of the Life Insurance business of India Post. (Para 11.2.6)

56) The coverage of Postal Life Insurance may be extended by allowing members of the general public as well as Government/ PSU employees to buy PU policies. (Para 11.2.7)

57) Operations under both the Postal Life Insurance and Rural Postal Life Insurance Schemes may be brought under the purview of the new Corporation. (Para 11.2.9.)

58) India Insurance should have an independent Board and operate at arm's length from the Department of Posts. (Para 11.2.9.)

59) India Insurance should be allowed to extend a full bouquet of insurance services in both urban and rural areas as it sees fit on the basis of considerations of market profitability. (Para 11.2.9.)

60) The Life Insurance activities of the Department of Posts should be hived off and converted into an independent corporate entity which may be designated as India Insurance or given some other suitable name. (Para 11.3.1.)

61) India Insurance should be delinked from the Consolidated Fund of India. (Para 11.3.1.)

62) The new corporate entity will initially be a 100% owned subsidiary of a (new) Holding Company, which will in turn be 100% owned by the India Post. (Para 11.3.1.)

63) The new corporate entity would be fully regulatory complaint and will follow the norms as prescribed by the Government and the IRDA. (Para 11.3.2.)

64) In course of time, the Gol in the DoP may disinvest part of its holding and allow the new entity to raise resources through an IPO offering in the market. (Para 11.3.3.)

65) The initial capitalization cost and solvency requirements, estimated at Rs.100 crores, should be funded from the current insurance portfolio of the Department of Posts. (Para 11.3.4.)

66) In future, additional capital may be funded through available surpluses, market borrowing or disinvestment as provided for in the Articles of Association. (Para 11.3.4.)

67) India Insurance will enter into a MoU with India Post setting out objectives to be achieved and broad parameters of action. (Para 11.5.1.)

68) India Insurance will initially draw most of its personnel from the current strength of the Department of Posts, except for senior executives and experts as required. (Para 11.5.1.)

69) Decisions on future inductions may be decided by the Board of Directors. (Para 11.5.1.)

70) There shall be a transitional period of 1 to 3 years, during which preparatory steps will be completed and the new structure will be put in place. (Para 11.6.1.)

71) These steps shall include incorporation of the new entity; transfer of resources and records; take-over of the business portfolio; training of personnel; expansion and diversification of the Product basket; addition of corporate agents, Banks, Brokers to the distribution network; making operations IT driven; and institution of Performance evaluation Protocols. (Para 11.6.1.)

72) India Insurance will also engage in the distribution of Non-Life Insurance Products of other Insurance Companies, including Motor, Fire, Marine, Engineering, Health, Personal Accident, Crop, Weather and Household Articles Insurance. (Para 11.7 .1.)

73) India Insurance will only distribute such products on behalf of other Companies on a commission basis without incurring any insurance liability/ risk in this regard. (Para 11.7.3.)

- 74) As per the legal requirements, India Insurance may take up a Corporate Agency or Broker's License for its third party business, depending on whether it chooses to distribute the products of one or more other Insurance Companies. (Para 11.7.4.)
- 75) If India Insurance distributes the products of more than one Company on a Broker's License, a separate Company will have to be incorporated for this purpose (Para 11.7 .4.)
- 76) India Insurance should become a distributor of Non-Life Insurance Products, to begin with as a Corporate Agent, with the option to convert it to a Broker's License after it gains experience and develops an appropriate personnel base. (Para 11.7 .6.)
- 77) The independent company(ies) owning the Broker's License to distribute, which can be a Private or Public Limited Company(ies) will be 100% owned by the Holding Company. (Para 11.7.6.)
- 78) A systematic publicity campaign should be planned and executed by India Post, in collaboration with a professional advertising and PR company, to support the activities of the new entity, India Insurance.(Para 11.8.2.)
- Money Remittance Services
- 79) India Post should strengthen its capabilities and diversify the range of products which it offers, paying particular attention to growth segments such as Card Based Money Transfers, Mobile Banking, Collection of EMLs and bill payments. (Para 12.2.1.)
- 80) India Post may collaborate with the National Payments Corporation of India (NPCI) to develop new financial products based on the RuPay Indian domestic card scheme. (Para 12.2.2.)
- 81) India Post may tie-up with RuPay to boost the acceptability of the Card, particularly in rural areas. (Para 12.2.3.)
- Post Bank of India
- 82) The proposal is not to convert the PO Network into a Bank, but to set up a fully professional new Bank to further financial inclusion and meet the objectives of the PradhanMantri Jan DhanYojana, which specifically provides for the extension of credit to all Indians resident in every part of India, particularly in rural areas. (Para 13.1.9.)
- 83) This opportunity for achieving universal financial inclusion via technology and the institutional reach of the PO Network must not be lost. There is admittedly a risk involved, as there is in any new venture into uncharted waters. The risk involved can and must be managed in the interests of the overall larger national objectives. (Para 13.1.12.)
- 84) The PBI must be professionally managed and operated, with credit and other risks being handled by experienced experts hired from the market. In its own interest, its operations must be fully in line and compliant with RBI Guidelines. (Para 13.1.13.)
- 85) A new institution, to be called the Post Bank of India or by some other suitable name, should be set up as a commercial bank offering the full spectrum of financial and banking services. (Para 13.2.2.)
- 86) As the owner of the proposed PBI, the Government of India may take decisions as appropriate on structural and organizational issues and other details, including the funding requirements. (Para 13.2.2.)
- 87) The Task Force is of the view that the PBI should be set up under an Act of Parliament and that establishing the PBI as a statutory institution and a Government Bank would enhance its credibility, insulate it from local pulls and greatly facilitate its operations. (Para 13.2.4.)
- 88) It is essential to structure the proposed PBI in such a manner as to pre-empt the possibility of outside interests influencing its day-to-day operations. (Para 13.2.5.)
- 89) The Task Force also recommends that the PBI should initially be set up as a Public Sector Bank wholly owned by the Government of India. (Para 13.2.6.)
- 90) The initial capital requirement, estimated at Rs.500 crores as per RBI requirements, would be fully funded by the Government. (Para 13.2.6.)
- 91) After the Bank establishes itself in 3 to 5 years, the Board of Directors could take a view on floating an IPO to raise fresh capital.(Para 13.2.6.)
- 92) The PBI will focus on fulfilling the Government's mandate of financial inclusion and on bringing the un-banked and under-banked segments of the population, particularly in rural, semi-rural and remote areas within the ambit of the formal monetized economy. (Para 13.2.7.)
- 93) A view needs to be taken on how best to seamlessly integrate the earlier banking operations into the proposed new structure, The best and seamless method would be to fully absorb the POSB in the new proposed Bank (PBI). (Para 13.2.8.)
- 94) The PBI will offer services including credit, which are beyond the remit of the POSB. (Para 13.2.9.)
- 95) The PBI will develop financial products and services which are specifically tailored to the needs of the rural and urban unbanked population, if necessary in collaboration with other banks. (Para 13.2.9.)
- 96) The PBI will function as a commercially viable and self-sustaining entity without the need for continuing Government subsidies. (Para 13.2.10.)
- 97) After the initial gestation period, it should generate its own resources and sustain itself in the competitive market environment.

(Para 13.2.10.)

98) The PBI should price its services on a cost plus basis and revise these rates from time to time, so that its operations do not become a continuing and increasing burden on the Government exchequer. (Para 13.2.11.)

99) The PBI will start with a Head Office Main Branch and will thereafter expand its operations by opening Branch offices in the Metro towns and State capitals, to be manned by banking professionals. (Para 13.2.12.)

100) The longer term objective would be to establish a Branch Office of the PBI in each District Headquarter over a 3 to 5 year period, to be operated mostly by banking professionals. (Para 13.2.12.)

101) The 150,000-plus Departmental and Branch POs will act as Banking Correspondents for the PBI. (Para 13.2.12.)

102) Careful consideration should be given to the various types, elements and levels of risk involved in the PBI's operations. (Para 13.3.1.)

103) Robust System Protocols and Standard Operating Procedures should be put in place to manage these risks effectively. (Para 13.3.1.)

104) The PBI should recruit / commission the services of banking experts to manage its credit, portfolio and market risks. (Para 13.3.3.)

105) Appropriate management capabilities should be mobilized from the market and robust systems and processes should be put in place to ensure that Non-Performing Assets are kept within acceptable limits. (Para 13.3.3.)

106) It is neither necessary nor desirable to mandate a waiting period before the PBI enters into credit and lending operations. (Para 13.4.1.)

107) The PBI should be constituted and begin working as a credit and lending Bank immediately, without any trial / waiting / learning period. (Para 13.4.2.)

108) The PBI should be set up as an independent Statutory and corporate entity offering the full bouquet of banking services, including credit, to its customers. (Para 13.4.3.)

109) The PBI will primarily target currently unbanked and under-banked customers in rural, semi-rural and remote areas, with a focus on providing small and affordable loans and simple deposit products. (Para 13.4.3.)

110) Customers will be provided with full-fledged Savings Accounts, which can be retained even with zero balances, as provided for in the PMJDY. (Para 13.4.3.)

111) Credit risks will be managed by hiring professionals from the banking sector and by developing and implementing robust protocols for building checks and balances in the system. (Para 13.4.3.)

Extension of PO Network in Rural Areas

112) The DoP should conduct a detailed survey and thereafter approach State Governments, many of which have voluntarily agreed to provide land / space for the establishment of POs in Gram Panchayats and villages, with specific proposals for the establishment of POs where India Post does not at present have a Point of Presence. (Para 14.1.2.)

113) The Department of Posts faces budgetary limitations in establishing and operating new POs. In this context, the Task Force recommends that India Post should explore the possibilities of working with State Governments, District Administrations, Gram Panchayats, Local Self Government bodies, as well as with social and community groups to establish POs. With the proposed expansion in the bouquet of services which will be offered by POs, it should be possible to position the local PO as a Community and Social Centre and locate it in existing buildings and institutions with which it enjoys synergy. (Para 14.1.3.)

Availability of Power

114) In the medium-term if not immediately, power supply should be assured to all rural POs, if necessary by supplementing electricity supply by installing roof top, solar, PV based systems at all PO buildings where power is unavailable or inadequate. (Para 14.2.6.)

115) This project may be taken up in stages after ensuring availability of funds in the Department's budget. (Para 14.2.6.)

Salaries and Allowances of DoP Personnel

116) In restructuring the operations of India Post, special care should be taken to maintain and enhance the levels of morale, motivation and satisfaction of the staff at all levels. (Para 15.1.2.)

117) Existing salaries and allowances of employees should not be adversely affected and there should be no retrenchment during or as a result of the re-structuring process. (Para 15.1.2.)

118) Rural postmasters/ postmen/ Gramin Dak Sewaks will be delivering a wide variety of services, along with associated payments and banking activities in the rural sector and should be compensated on a commission basis for the same. (Para 15.1.3.)

119) In order to incentivize the staff, they should be entitled to Commissions on profit-sharing basis in addition to their existing salaries and allowances. (Para 15.1.4.)

Pension Liability of India Post

120) The pension payments of India Post should be paid through the Central Pension Office and brought in line with that of other Government Departments rather than being borne, as at present, on the Department's books. (Para 15.2.1.)

Membership of Clearance Houses for the DoP

121) All Head POs, MukhyaDakGhars and all HSG-1, HSG-11 and LSG level subÂ POs should be made Full Members of the respective Local Clearing Houses, in order to ensure that cheques are cleared on the same day rather than, as at present, with a delay of 7 to 10 days. (Para 16.1.6.)

Use of Aadhar Data Base

122) The Aadhar data base will be the primary means of authenticating the identity of individuals to whom payments/ services are being provided. Where the individual is not covered by Aadhar, the PO Network or other data base may be accessed to authenticate his identity. (Para 16.2.1.)

123) Where social security schemes and entitlements are household / family based, it will be the responsibility of the concerned State Government /District / Local Administrations to ensure that the individual beneficiary is in fact entitled to the service / payment being provided and obviate the possibility of duplication or fraud in the implementation of Government schemes. (Para 16.2.2.)

124) The PBI data-base would need to be updated and re-checked periodically to eliminate duplication of beneficiaries. (Para 16.2.3.)

125) The Aadhar data-base will be the primary means of biometric identification, the PBI should also develop its own data-base focusing on the family or house-hold and link it to the Aadhar data-base for functional and operational purposes. (Para 16.2.5.)

Segmentation of Aadhar Data Base

126) In order to speed up biometric identification and improve operational efficiency, the Aadhar data base should be segmented State-wise or even district-wise. (Para 16.3.1.)

127) The smaller data base focused on the particular District should be accessed in the first instance and the larger data base should be resorted to as a secondary procedure only if identity authentication on the truncated data base fails. (Para 16.3.2.)

Special Facilities for Commercially Important Clients (CICs)

128) Commercially Important Clients (CICs) should be treated as a special category and provided with a Bulk Client code through which they can access updated data and ascertain delivery status immediately.(Para 16.4.1.)

129) CICs should be allowed to frank the postage impression while printing the communication letter itself. (Para 16.4.1.)

Publicity & Public Relations

130) India Post should conduct a sustained publicity campaign at the national as well as local levels to raise awareness, especially in the middle and low income segments, unorganized sector, rural areas and migrant workers about the benefits of banking and insurance schemes available at the local PO. (Para 17.2.1.)

131) India Post may conduct a more general mass national publicity campaign to popularize writing, collecting stamps, sending post cards and communicating by post. (Para 17.2.2.)

132) This campaign could focus on school children, encouraging them to write letters and send cards to friends and relatives. (Para 17.2.2.)

133) Book stands and stalls could be set up at national fairs, airports, railway stations and inter-State bus stands. (Para 17.2.2.)

134) Post Boxes should be provided in each locality and serviced on a daily basis. . (Para 17.2.3.)

135) It should be ensured that Service Lists and Rate Cards are prominently displayed in all Post Offices. (Para 17.2.3.)

136) Postal employees should be given training and motivation sessions to inculcate patience, politeness and courtesy in dealing with the general public. (Para 17.2.3.)

Global Best Practices

137) India Post / Parcel should make postal services available to citizens electronically through the introduction of digit a l stamping and franking machines at postal counters, internet postage and electronic mail boxes. (Para 18.2.1.)

New Postal Law

138) The existing Post Office Act dates back to 1898 and cannot deal adequately with existing market conditions and the seminal changes in communication brought about by computerization and connectivity. (Para 19.1.4.)

139) A new Post Office Bill is required to provide a legal basis for organizing the postal sector and make India Post, as the National Service Provider, fully in compliance with UPU and USO requirements. (Para 19.2.2.)

140) The process of finalizing the proposed revised Postal Act, already under examination, should be taken up in due course. (Para 19.2.5.)

141) To enable the implementation of the suggestions made in para 19.3.1. and 19.3.2., it is recommended that a new Act may be promulgated, enabling the department to establish new corporate structures, including a full service bank, as also to empower the department to make revisions to the prices of the articles of Post from time to time. (Para 19.3.3.)

New Organization Design of India Post

142) The current hierarchical and pyramidal organizational structure of the DoP, dilutes responsibility and accountability and is not suited for efficient functioning in a market oriented environment. (Para 20.1.1.)

143) A new organization design is required which will enable India Post to be organized and run on commercial lines while retaining its fundamental character as an organization delivering public goods with a social purpose. (Para 20.2.1.)

144) The operations of India Post should be economically viable and the Organization should be able to stand on its own without

depending on the Consolidated Fund of India for financial support. (Para 20.2.2.)

145) This goal will be achieved gradually and in stages over a planned period of time. (Para 20.2.2.)

146) The entire range of services provided by India Post should be organized and grouped in 6 Strategic Business Units (SBU), 5 of which will be expected to act as profit centres. (Para 20.2.3.)

147) The sixth Unit, designated as the "Communications Delivery Unit," is not to be expected to make profit; its primary function will be to deliver mail at subsidized rates as a public good to serve the needs of the common man. (Para 20.2.3.)

148) The Communications Delivery Unit, dealing with postal mail like post cards and inland letters, will continue to be Departmentally organized and not expected to be commercially profitable but will be subsidized by the other SBUs. (Para 20.2.4.)

149) The remaining functions relate to delivery of parcels, packets and e-Commerce articles; banking, money transfer and financial services; life insurance business; distribution of third party products; and management of governments services. (Para 20.2.5.)

150) These functions will be commercially oriented and the SBUs dealing with these services will be expected, contribute towards meeting the financial gap of the Communications Delivery Unit and deliver substantial revenue surpluses to the Holding Company within a period of 3 to 5 years. (Para 20.2.5.)

151) Each SBU will decide policies, design products, conduct training courses, and manage the operations on the basis of decisions by its own Board. (Para 20.2.7.)

152) However, all the SBUs will use the common physical and human resources of the Post Office Network Organization. (Para 20.2.7.)

153) All the SBUs will be required to pay appropriately for the use of these services from the revenues generated by them. (Para.20.2.8)

154) Since Postmen will now be expected to deliver a variety of services in the rural areas, including banking and financial services as well as Government and third party services, the staffing pattern in Branch and rural POs should be reviewed so that each such PO is staffed by at least 2 employees, one of whom will man the PO while the other Postman is on his daily round. Requisite intensive training, including refresher courses will be given to all concerned. (Para 20.2.9)

Compensation of Staff

155) The personnel of India Post will continue to draw remuneration at their present rate and as mandated by the Pay Commission until such time as it the Company is able to decide its own compensation policies and meet the commitments arising thereof. (Para 20.3.1.)

156) In addition, they will have a variable component of compensation calculated as a share of the profitability of the SBU. This component will be available to each employee in varying degree right up to the Head of the SBU and the Chairman and Members of the Board. (Para 20.3.1)

157) The personnel working in the Communication Delivery Unit will also get a variable component of compensation based on the quality of services rendered and customer satisfaction. (Para 20.3.2.)

158) The operational and supervisory personnel of the common and over-arching superstructure will also be similarly compensated. (Para 20.3.3.)

159) The process of creating SBUs as corporatized and fully owned Subsidiaries of the DoP may be undertaken in stages. (Para 20.3.4.)

160) Three corporate structures be immediately created for: (a) Banking and Other Financial Services; (b) Insurance Operations, and (c) logistics and Parcel delivery/e-commerce. (Para 20.3.4.)

161) Over a 3-year time span, the other SBUs may also be corporatized after they gather momentum, strength and confidence. (Para 20.3.5.)

162) At a minimum, 5 lakh new jobs are likely to be directly created by this exercise over the next 3 to 5 years. (Para 20.3.7.)

163) As infrastructure expands on the ground and appropriate investments are made, induction of personnel is likely to increase even further. (Para 20.3.7.)

164) There would also be an indirect but important multiplier effect of additional jobs being created in the rural economy. (Para 20.3.7.)

Structure of the Holding Company

165) A Holding Company fully (100%) owned by the DoP may be incorporated, with Subsidiaries or Strategic Business Units (SBUs) for:

1. Banking and Financial Services
2. Insurance Products
3. Distribution of Third Party Products

4. Management of Government Services
5. Parcels and Packets, including E-commerce Articles
(Para 20.4.1.)

166) The Communications Delivery Unit, dealing with Written Communication Transmissions (WCT) will continue to be handled by India Post within the Departmental framework. (Para 20.4.2.)

167) The Banking and Financial Services Company/ PBI will have the POSB under its purview. (Para 20.4.3.)

168) The Insurance Company/ SBU will deal with PLI and RPLI and any other insurance products which it may develop in future. (Para 20.4.4.)

169) In addition, it will own one or more Companies dealing with the distribution of insurance products of another insurance company (Agency License) or more than one Insurance Company (Broker's License). (Para 20.4.4.)

170) The Company/ SBU dealing with Distribution of Third Party Products will provide services on behalf of the private sector. (Para 20.4.4)

171) An indicative list of 342 services, already being provided by the MeeSeva Services in Andhra Pradesh and Telengana is already available. This Company/ SBU of India Post can deliver many or most of these services to the rural areas on behalf of private parties on payment basis. (Para 20.4.5.)

172) The Company/ SBU dealing with Management of Government Services will deal with all services requiring registration, certification or Governmental over-sight, including Aadhar and Ration Cards, and will effect bill collection and payments on behalf of Government Departments. (Para 20.4.6.)

173) The Company or SBU dealing with delivery of Parcels and Packets will also manage the tie-ups and agreements with E-commerce players for delivery, return, bill collection and payments for E-commerce Articles and will handle the e-commerce delivery operations of India Post. (Para 20.4.7.)

174) The net profit generated by the Subsidiary Companies will belong to the Holding Company which will be their sole and 100% owner. (Para 20.4.9.)

175) This profit will be transferred to the Holding Company after retaining enough funds for the expansion and organization building of each Subsidiary Company. (Para 20.4.9.)

176) The Subsidiary Companies may in future be listed in Stock Exchanges to raise capital as and when this is required. (Para 20.4.10.)

177) The strategic objective will be to make the Subsidiary Companies (with the exception of the Communications Delivery Unit) self-financing beyond the transition period and enable them to function without financial support from the Government of India and in fact become contributors to the national revenue pool. (Para 20.4.11.)

178) The individual Companies /SBUs will be both empowered and accountable, so as to enable them to operate profitably in a competitive market environment. (Para 20.4.12.)

179) The individual Companies/ SBUs will have separate Boards of Directors, which will manage the earmarked line of business. (Para 20.4.15.)

180) The Chairman of each of the Companies/ SBUs will be a Member of the Holding company's Board. (Para 20.4.15.)

181) All these Companies / SBUs will use the common infrastructure of Information Technology, Human Resources and Physical Infrastructure, the ownership of which will continue to vest with the DoP. (Para 20.4.15.)

Annexure-B

ANNEXURE REFERRED TO IN PARTS (c) TO (e) IN REPLY TO THE LOK SABHA UNSTARRED QUESTION NO.4449 TO BE ANSWERED ON 14.12.2016 RAISED BY SHRI BAHADUR SINGH KOLI, MEMBER OF PARLIAMENT REGARDING TASK FORCE ON POST OFFICE.

(a) To increase Postal Life Insurance (PLI)/Rural Postal Life Insurance (RPLI) business, the following initiatives have been taken:-

- (1) Setting of business targets as per the potential to all Postal Circles;
- (2) Constant monitoring of progress in achievement;
- (3) Revamping the marketing structure of PLI/RPLI sales force;
- (4) Training of PLI/RPLI sales force to improve their skills;
- (5) Improving after-sales service of PLI/RPLI and prompt redressal of public grievances;
- (6) Technology induction leading to customer friendly initiatives such as premium receipt confirmation, policy conversion, maturity due intimation, etc.

(b) To increase the eCommerce market the following initiatives have been taken:-

- (1) Introduction of Cash-on-Delivery facility especially for e-Commerce Companies with effect from 02.12.2013 as a value addition to the Speed Post, Express/Business Parcel.
- (2) Introduction of National Account facility under Speed Post and Express/Business Parcel.
- (3) Establishment of 57 integrated Parcel Processing Centres and mechanizing the pickup/delivery of parcels.
- (4) Provision of packaging, shrink wraps facilities, secure plastic seals and parcel movement in a well-defined network.
- (5) Providing Application Programme Interface (API) to the customers for real time information.
- (6) Same day/next day delivery of eCommerce articles in selected cities.